REMARKS

This amendment responds to the Office Action dated July 3, 2006. Applicant submits herewith (a) request for a two (2) month extension of time ($450.00 - large entity); and (b) a substitute specification under 37 C.F.R. § 1.125. Exhibit A to the Submission of Substitute Specification is a marked-up version of the original patent application showing changes thereto (Applicant's representative hereby confirms that no new matter is added to the new specification by the changes to the specification) and Exhibit B is the new, substitute specification.

No new matter is added to this case by the changes to the specification. If the examiner has any questions relative to these changes, it is respectfully requested that the examiner call Applicant's representative.

To simplify the present case, Applicant has cancelled claims 1 - 43 without prejudice to reinstate the same at a later time, i.e., without disclaimer. More importantly, Applicant submits new claims 44 - 108 directed solely to the life insurance financial product, not the process for financial planning. Applicant will file a continuation patent application on the process for financial planning and prosecute those claims and those inventions separately. The examiner's efforts relative to the process for financial planning are greatly appreciated but Applicant's current representative believes that re-directing the case to a life insurance financial product is more significant.

As an aside, original claims 20 - 25 and 35 - 43 were directed to a life insurance financial product and the examiner has (a) conducted a search on these inventions and (b) rejected those claims in the current Office Action in light of Bell '096.

Applicant submits new claims 44 - 108 directed to a life insurance financial product. No new matter is introduced in the present case relative to new claims 44 - 108. Support for all the new

15

claims is set forth below in a separate section. The rejection of the life insurance financial product claims under 35 U.S.C. § 103 was based upon U.S. Patent No. 6,161,096 (herein "Bell'096"). In order to move this case forward, Applicant also discusses the differences between the newly claimed invention, claims 44 - 108, Bell '096; U.S. Patent No. 5,999,917 to Facciani ("Facciani '917"); U.S. Patent No. 6,430,542 to Moran and U.S. Patent No. 5,802,500 to Ryan. Each reference is discussed in a separate section.

Summary of the New Claims

New claims 44 - 108 include four (4) independent claims. Claim 44 is summarized as follows:

(a) processing "an initial funding premium" to fund of the life insurance financial product; (b) subtracting funding charges and "determining an initial cash surrender value" for all investment funds or accounts with constitute the initial funding premium; (c) processing the allocation of the initial funding to one or more financial investment funds or accounts; (d) "on a daily basis, determining account values ... and calculating a corresponding cash surrender value;" (e) "determining a life insurance base death benefit amount ... as a function of said corresponding cash surrender value;" (f) the life insurance base death benefit "increasing and decreasing based upon said corresponding cash surrender value;" and (g) "deducting daily a cost of an at-risk insurance amount ... sufficient to retain life insurance status for said life insurance financial product."

Independent claim 62 is broader than claim 44 and is summarized as follows:

(a) processing an initial funding premium; (b) determining an initial cash surrender value by accounting for funding premium allocated in one or more investment accounts; (c) determining daily account values for investment accounts and calculating a corresponding cash surrender value; (d) determining a death benefit amount for the insured as a function of cash surrender value sufficient "to retain life insurance status for said life insurance financial product;" wherein the "death benefit amount increas[es] and decreas[es] based upon said corresponding cash surrender value;" and (f) deducting a cost of an at-risk insurance amount corresponding to said death benefit in an amount "sufficient to retain said life insurance status."

Independent claim 84 generally follows claim 62 but determines account values and the cash surrender value, "upon fluctuation of said investment accounts or on a daily basis." Independent claim 97 also generally follows independent claim 62 but also claims "minimizing life insurance costs" by

> (a) determining daily investment account values and cash surrender value; (b) "determining daily a minimum amount of life insurance death benefit for said insured" as a function of cash surrender value; (c) the "death benefit amount increasing and decreasing based upon said corresponding cash surrender value;" and (d) deducting a cost of an at-risk insurance amount corresponding to said death benefit amount "sufficient to retain said life insurance status."

New claims 44 - 108 have been added to clarify the claimed invention and to overcome the shortcomings of the English language and the complexities of financial products, in general. One issue involves the concept that the client-insured party buying the life insurance financial product (a) buys a life policy with a single payment, called a "premium" (now called a "funding premium") and (b) the life insurance policy requires the insurance company to daily or otherwise calculate the then current cash surrender value of all assets used to fund the policy (the funding premium assets) and (c) daily deduct at-risk insurance amounts for the death benefit. Language confusion was caused by statements in the specification such as "pre-paid variable insurance that must be purchased on any given day by law to retain life insurance status (net single premium method) based on age declining ratio to cash value amount on any given day." See specification, p. 11, line 24 (herein spec. 11/24, referring to original specification). Life insurance agents understand this concept since (a) the client-insured paid for the policy with the funding premium and (b) the insurance company then, daily, paid for or accounted for the at-risk insurance amounts for the death benefit for the insured. However, computer programmers see the phrase "pre-paid variable insurance that must be purchased on any given day" as potentially confusing in that if something is "pre-paid" how can it be then

"purchased." The present claims 44 - 108 clarify this life insurance language issue in a number of ways including referring to (i)"funding premiums" (client-insured party pays a "premium" to buy life insurance); (ii) the insured's death benefit is increasing or decreasing based upon the ever changing value of cash surrender value which is the sum of all investment accunts; (iii) daily or otherwise calculating the cash surrender value, which re-calculation changes the death benefit amount; and (iv) "deducting a cost of at-risk insurance amount." The original claim 20 used language such as "defining" certain features, a "first" and a "second" premium, "adjusting" the cash value of the life insurance financial product and "automatically re-defining," which terms and phrases may have been appropriate from an insurance specialist's viewpoint but were less then precise relative to a computer programmer's standpoint. The present claims 44-108 improve the clarity of the claims and reduce the complex features of the invention.

Therefore, Applicant requests that the examiner approve new claims 44 - 108 in light of the following arguments.

Support for Newly Added Claims

No new matter is added to the specification by new claims 44 - 108. Support for the new claims is set forth below. The following annotated claim 44 shows where, in the original patent specification, each concept is found.

> 44(annotated).   A computerized method of establishing and maintaining a financial product as a life insurance product [11/24 refers to p. 11, line 24] for an insured party [11/23] comprising:
>   processing an initial funding premium for said life insurance financial product; [10/1, 11/8];
>   subtracting funding charges [11/12-15] from said initial funding premium and determining an initial cash surrender value [11/16] for said life insurance financial product thereafter;
>   allocating said initial funding premium to one or more sub-accounts [11/18] of different financial investment funds or accounts [11/19, 3/13];

on a daily basis, determining account values for said different funds and accounts [12/4, 11/20, 12/21] and calculating a corresponding cash surrender value [11/26] for said life insurance financial product;

determining a life insurance base death benefit amount [11/21] for said insured as a function of said daily cash surrender value [11/22] sufficient to retain life insurance status under a net single premium method based on age declining ratio to cash value amount for said life insurance financial product [11/21-25, 12/25 to 13/3] and age of the insured and his/her risk classification and smoking status [11/22], said life insurance base death benefit amount increasing and decreasing based upon said corresponding cash surrender value [10/25]; and,

deducting daily a cost of an at-risk insurance amount [5/19, 12/8, 13/18] corresponding to said death benefit amount from said corresponding cash surrender value sufficient to retain life insurance status for said life insurance financial product.

Independent claims 62, 84 and 97 find most of their support from the concepts cited in claim 44 above. In claim 62, support for: "investment accounts" is referenced at 3/13 - 15, 11/18 and "different funds" at 11/19. Fluctuating accounts and variable cash surrender value is discussed at 11/19 which supports claim 84. Minimizing the cost of at-risk insurance is discussed at 11/25, 12/25, 13/15-20; maximizing cash surrender value is discussed at 13/15-20. These portions of the specification on pages 11-13 support new claim 97.

Support for the dependent claims follows:

45.   [clarifies computer program operation] A computerized method for a life insurance product as claimed in claim 44 wherein the computerized method defines the funding of said life insurance financial product therein, effects the subtraction of said funding charges and effects the deducting of said cost of said at-risk insurance amount.

46.   [correlation to tax regs] A computerized method for a life insurance product as claimed in claim 44 wherein determining said life insurance base death benefit

19

amount sufficient to retain said life insurance status is correlated with retaining the

tax status of life insurance under current law.

support 11/14.

47.   [describes schedule of funding premiums when policy taken out]A

computerized method for a life insurance product as claimed in claim 44 including

funding said life insurance financial product with additional funding premiums; and

setting forth, in a schedule, said additional funding premiums, said schedule set forth

in a policy established at the time said life insurance financial product is issued.

support "additional funding premiums" [14/8-16];

support: setting forth, in a schedule, said additional funding premiums, said schedule set forth in a

policy established at the time said life insurance financial product is issued. 4/15

48.   [describes no additional proof of insurability] A computerized method for a

life insurance product as claimed in claim 47 wherein funding said life insurance

financial product with additional funding premiums as per said schedule includes the step of not establishing

support: insurability does not need to be re-established in order to make the successive

purchases over time 10/20

49.   [describes that investments accounts generate earnings which support cost of

said at-risk insurance amount] A computerized method for a life insurance product

as claimed in claim 44 wherein said different financial investment funds or accounts

provide earnings and including deducting, from said earnings, the cost of said at-risk

insurance amount.

support: different financial investment accounts provide earnings [12/2]

support: deducting, from said earnings, the cost of said at-risk insurance amount. [12/2, 5/18]

50.   [describes initial funding charges] A computerized method for a life insurance product as claimed in claim 44 wherein subtracting said funding charges involves subtracting funding charges from the group of funding charges including a premium sales charge, a premium federal tax charge, a premium state tax charge, and premium administrative charge.

support: group of funding charges 11/11

51.   [operation of computer program] A computerized method for a life insurance product as claimed in claim 50 wherein said funding charges are subtracted prior to determining account values and calculating said corresponding cash surrender value.

52.   [describes minimizing cost of said at-risk insurance and maximize cash surrender value] A computerized method for a life insurance product as claimed in claim 44 including minimizing said cost of said at-risk insurance amount in order to maximize said cash surrender value for said life insurance financial product.

support: minimizing said cost of said at-risk insurance amount 11/25, 12/25, 13/15-20; maximize cash surrender value 13/15-20.

53.   [re-allocates funds to different or accounts] A computerized method for a life insurance product as claimed in claim 44 including re-allocating said corresponding cash surrender value into other financial investment funds or accounts and thereafter determining account values and the corresponding cash surrender value.

support: cash value can be reallocated among the sub-accounts at any time. 11/21

The remaining dependent claims identify features listed above.

Differences Between Cited References and New Claims 44 - 108

In the Office Action dated July 3, 2006, the examiner rejected the life insurance financial product in claim 20 in light of Bell '096.

Bell '096 differs from the presently claimed invention because (a) the product in Bell '096, in its entirety, is not a life insurance product; (b) the financial product in Bell '096 requires yearly payments by the employer and employee-insured party; (c) the cash surrender value of the entire Bell product is not computed daily (or when the underlying value of the entire financial product fluctuates); and (d) the death benefit provided by the financial product does not increase and/or decrease based upon the ever changing cash surrender value of the entire financial product.

Bell's financial product is not a "life insurance product" as claimed in new claim 44 (and 62, 84 and 97) because the Rabbi's Trust in Bell '096 is subject to attachment by the employer's creditors. "The Rabbi Trust is not intended to have a tax effect on the Employee, and the funds within the Rabbi Trust will remain subject to the claims of the Employer's creditors in case of bankruptcy or insolvency." Bell '096 col. 6, line 34(herein "6/34"). In contrast, the present invention is a "life insurance product" and, according to the specification (and the law), "... life insurance... [d]epending on state and federal laws, ... [is] generally exempt from creditors in bankruptcy and, thus, provide[s] income in case all other assets are lost." Spec. 8/6.

Further, the entire financial product in Bell '096 is not a "life insurance product." Rather, only a portion of the Bell '096 financial product has a life insurance component. In Bell '096, (a) an employer issues stock options to an employee 4/51; (b) the employer places the spread, that is, the difference between the option grant price and the fair market value of the stock, into a Rabbi's

22

Trust 5/9; (c) the employee-insured-participant purchases a variable life insurance policy based upon the spread 5/61; (d) the spread, deposited into the Rabbi's Trust by the employer "must be sufficient to pay each year the portion of the annual policy premium equal to the cost of the life insurance protection provided under the Policy" 5/67; (e) if the spread is not sufficient, the employer contributes more money to the Rabbi Trust 6/5; (f) "the Employee would maintain the Policy during his or her lifetime in a face amount at least equal to the amount of the premium advances made by the Employer plus an accrued six (6) percent" 6/7; (g) further, both employer and employee contribute to the Rabbi Trust "sufficient premium payments under the Policy within five (5) years after the exercise (trigger) date to purchase the life insurance protection" 6/12; (h) after a time, the employee may obtain a loan from the cash value of the Bell financial product; and (i) ultimately, upon employee's death, the employer gets back the spread plus a reasonable rate of return (6/45) and the employee's beneficiaries get the face amount of the life insurance policy, less any underfunded aspects due employer. 6/64.

In Bell '096, the spread or initial premium does not change but is fixed.

In direct contrast, the entire financial product in the present invention is a "life insurance product." In Bell '096, the only portion of the financial product which is a "life insurance product" is that portion associated with the employee. With respect to the employer, Bell's product is not a "life insurance product" because the product can be attached by the employer's creditors. Bell 6/34. True life insurance products cannot be attached by creditors. See spec. 8/6.

In addition to the distinction described above, the present invention has the following features:(a) processing "an initial funding premium;"; (b) subtracting initial funding premiums and "determining an initial cash surrender value;" (c) allocating the initial funding to one or more

financial investment funds or accounts; (d) "on a daily basis, determining account values ... and calculating a corresponding cash surrender value;" (e) "determining a life insurance base death benefit amount ... as a function of said corresponding cash surrender value;" (f) the life insurance base death benefit "increasing and decreasing based upon said corresponding cash surrender value;" and (g) "deducting daily a cost of an at-risk insurance amount ... sufficient to retain life insurance status for said life insurance financial product."

Bell '096 does not have steps (c), (d), (f) nor (g), that is, calculating the daily cash surrender value, determining a life insurance base amount as a function of the corresponding cash surrender value from various investment accounts, and deducting the cost of an at-risk insurance amount sufficient to retain life insurance status for the life insurance financial product wherein the death benefit increases or decreases "based upon said corresponding cash surrender value." In fact in Bell '096, the employer and the employee-insured add funds to cover life insurance premiums. 6/6 and 6/12. Also, Bell '096 does not calculate on a daily basis, account values and a corresponding cash surrender value. The spread funding paid into the Bell system is paid once by the employer and is not allocated to different accounts or investments.

Therefore, the presently claimed invention is patentably distinct from Bell '096. Claim 62 identifies daily account values for the cash surrender value, determining a death benefit "sufficient to retain life insurance status for said life insurance financial product;" wherein the death benefit amount "increas[es] and decreas[es] based upon said corresponding cash surrender value;" and "deducting a cost of an at-risk insurance amount corresponding to said death benefit amount from said corresponding cash surrender value sufficient to retain said life insurance status." Claims 84

and 97 have similar claim language. These claims and the dependent claims are therefore patentable over Bell '096.

Differences With Respect to Facciani '917

In his abstract, Facciani '917 describes: "An automated system for managing the assets and liabilities of Non-Qualified Deferred Compensation (NQDC) plans. This system uses information from money managers, insurance and annuity carriers, plan sponsors and plan participants to track and report the assets and liabilities of NQDC plans on a daily basis" and states "the system calculates the value of the liabilities of the plan, the value of the assets of the plan and produces a report comparing the status of each on a daily basis."

However, in the detailed description of the system, Facciani '917 describes that "requests [buy-sell orders which] keep the plan sponsor's asset allocation matched to the participants' liability allocations" on a daily basis. 6/13-17, see 6/2 for reference to "a daily schedule."

Facciani '917 does not mention nor disclose a daily deduction of at-risk insurance based upon the then current cash surrender value, does not discuss determining a death benefit "sufficient to retain life insurance status for said life insurance financial product;" wherein the death benefit amount "increas[es] and decreas[es] based upon said corresponding cash surrender value;" and "deducting a cost of an at-risk insurance amount corresponding to said death benefit amount from said corresponding cash surrender value sufficient to retain said life insurance status." See claim 62.

Facciani '917, at 7/65, references "insurance" as follows:

> The flowchart of FIG. 6 shows how the insurance policy asset values of an Elective Deferral Defined Benefit plan are updated in the present system. The computer contacts the asset manager of the Defined Benefit plan in step 110, and in step 112 requests the current cash values of insurance policies covering employees

if the equity were to be removed on the current day. In step 114, the computer further requests the current cash value of each policy to determine the value of the policy if each employee were to die. Using the information of steps 112 and 114, the computer system generates an asset range in step 116 which indicates the immediate and potential values of the Defined Benefit plan based on the outstanding insurance policies held by the plan sponsors. The asset range is then stored in the database 13 so the asset value can be compared with the Defined Benefit Liability to determine if there is a mismatch in fund allocation.

Facciani '917, at 7/65

It should be noted that Facciani '917 does not mention nor disclose a daily purchase of life insurance based upon then current cash surrender value, nor an increase or decrease in death benefit "based upon said corresponding cash surrender value."

Ryan '500

Ryan '500 does not discuss, at any location, a daily or other periodic calculation of cash surrender value. Hence, the Ryan '500 reference cannot disclose (a) determining a death benefit "sufficient to retain life insurance status for said life insurance financial product;" (b) wherein the death benefit amount "increas[es] and decreas[es] based upon said corresponding cash surrender value;" and (c) "deducting a cost of an at-risk insurance amount corresponding to said death benefit amount from said corresponding cash surrender value sufficient to retain said life insurance status." See claim 62.

Moran '542

Moran '542 suffers from the same defects as Ryan '500. Moran '542 does not discuss a daily or other periodic calculation of cash surrender value, or (a) determining a death benefit "sufficient to retain life insurance status for said life insurance financial product;" (b) wherein the death benefit amount "increas[es] and decreas[es] based upon said corresponding cash surrender value;" or (c) "deducting a cost of an at-risk insurance amount corresponding to said death benefit amount from said corresponding cash surrender value sufficient to retain said life insurance status." See claim 62.

Wherefore, claims 44 - 108 are patentable over the cited references.

Applicants would greatly appreciate an opportunity to visit the examiner and discuss the present case, the amendments to the specification, the present claims 44 - 108 and the references. An interview is respectfully requested.

Respectfully submitted,

By_____/Robert Kain/_____
   Robert C. Kain, Jr.
   Reg. No. 30,648
   FLEIT, KAIN, GIBBONS, GUTMAN, BONGINI & BIANCO P.L.
   750 S.E. Third Avenue, Suite 100
   Ft. Lauderdale, Florida 33316-1153
   Telephone: (954) 768-9002
   Facsimile: (954) 768-0158

Certificate of E-Filing

I hereby certify that this correspondence is being e-filed with the Commissioner for Patents, P.O. Box 1450, Alexandria, VA 22313-1450 on November 21, 2006.

_____/Robert Kain/_____
   Robert C. Kain, Jr.
   Reg. No. 30,648

H:\RCK\CLIENTS\Kluger-Peretz\5010-02-amdt-4th-112106.wpd